

October 6, 2006

John Aloysius Cogan Jr.  
Executive Assistant for Policy and Program Review  
Office of the Health Insurance Commissioner  
233 Richmond Street  
Providence, RI 02903

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Health Insurance  
Commissioner

Dear John:

As you know, Blue Cross & Blue Shield of Rhode Island has reviewed its decision regarding the crediting of deductibles for members who transitioned from our Direct Blue Standard and Economy plans to one of our new Direct Pay products in April of this year. We will be reimbursing these members the difference between the 25% deductible adjustment they received on their new plan and the amount they had met in deductible under their old plan in the first quarter of 2006.

For example, if a member was transitioned to the HealthMate Direct 400 plan, his deductible under the new plan for April through December 2006 was reduced by 25% to \$300. If he had incurred \$300 in deductible under the Direct Blue Standard Plan between January and March, he will receive a reimbursement in the amount of \$200 (i.e. the difference between the \$300 paid and the prorated portion of his new deductible (\$100)).

Enclosed please find a copy of the letter that we will be mailing to affected members on October 16<sup>th</sup>. The letter will be printed with Ms. Ledoux's signature. Affected members will receive their reimbursement check within a week of receiving the letter. This month, approximately 2,346 members will receive reimbursements with a total payout of \$298,230.70.

Please note, we will not be generating reimbursements if the difference between the deductible adjustment and the deductible paid in the first quarter of 2006 was less than \$5. However, we will be reviewing claims again in February for potential additional reimbursements. BCBSRI will track amounts less than \$5 and, if more claims are processed between now and when we run this again in February, we will issue a reimbursement at that time based on their total, including that which was less than \$5 now.

The Commissioner requested that we suggest ways this reimbursement could be communicated to our members who have contacted your office. Our recommendation is the following:

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“In April, Blue Cross introduced four new plans in the direct pay market. The new plans and associated rates were approved by the Health Insurance Commissioner. All existing members were transitioned to one of these new plans, each of which included a calendar year deductible. Although Blue Cross adjusted (reduced) the deductible under the new plans by 25% to account for the April effective date, several members have contacted Blue Cross to express concern that their total deductible payments for 2006 would exceed the stated deductible under their new plan. Blue Cross has informed the Office of the Insurance Commissioner that, while the 25% deductible credit was fair and clearly communicated, they intend to provide affected members with reimbursement in the amount of the difference between the 25% deductible credit and the amount the member had paid in deductible between January 1 and March 31, 2006.”

If you have any questions, please do not hesitate to contact me at 459-1287.

Sincerely,

A handwritten signature in black ink, appearing to read "Monica A. Neronha". The signature is fluid and cursive, with the first name being the most prominent.

Monica A. Neronha  
Assistant General Counsel

[Date]

Dear Member,

This past April, Blue Cross & Blue Shield of Rhode Island (BCBSRI) introduced four new plans for individuals and families. We worked closely with the Rhode Island Office of the Health Insurance Commissioner to ensure a smooth transition into these plans for our members. Since our plans include calendar year deductibles, and the new plans were not effective until April 1, 2006, we identified the need to adjust the deductible under the new plans for those members who were transitioning from our former Direct Blue Standard or Direct Blue Economy plans to one of our new plans.

For these members, we reduced the deductible under the new plans by 25 percent. This deductible credit was communicated during the transition process.

Since April, however, some of our members have expressed concern that their total deductible payments for 2006 would exceed the stated deductible under their new plan. While we believe our approach was fair and clearly communicated, we want to be responsive to our members' concerns. With this in mind, we have decided to provide payment to those members who, between January 1 and March 31, 2006, paid more in deductible than the 25 percent deductible adjustment we provided toward the new plan.

Our records show that you qualify for this payment. You will be receiving a check in the mail shortly to reimburse you for the difference between the 25 percent deductible adjustment we originally provided and the actual deductible amount that you met in the first three months of this year. Please remember, if you have not already done so, it is your responsibility to pay your providers for services that were applied to the deductible.

If you have any questions about this reimbursement, please contact our Customer Service Department at (401) 459-5000 or 1-800-639-2227. You can also visit [BCBSRI.com](http://BCBSRI.com) and use our secure messaging feature to contact a Customer Service representative.

Thank you for choosing BCBSRI for your healthcare coverage.

Sincerely,

Stephanie L. Ledoux  
Assistant Vice President  
Customer and Provider Service